



# The Sacramento Bee

## State's in a recession, UOP forecasters find

**By Dale Kasler -**  
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California is in a recession, economic forecasters at the University of the Pacific said today.

The state earlier this year went into what's shaping up as a mild recession, UOP's Business Forecasting Center said in its quarterly economic report.

Many economists have disagreed on whether California is going into a recession, marked by a shrinking economy, or is merely in a period of slower growth. The UCLA Anderson Forecast, perhaps the most closely watched forecast in the state, continues to say the state will avoid a recession.

Jeff Michael, director of the UOP forecast, said the new report isn't a huge departure from the center's previous predictions of slow growth. Things have just gotten slightly worse in the past quarter.

"It's like having eight stitches instead of six," he said in an interview. "We are predicting not a severe recession (but) a fairly mild recession."

On the other hand, UOP continues to believe the national economy will manage to avoid a recession.

The California recession will be tougher on inland regions like Sacramento because they have been so deeply affected by the housing slump, Michael said.

While places like the Bay Area are coping mostly with a decline in housing prices, the Central Valley has been hit with the additional burden of a steep drop in residential construction, he said. That's eliminated thousands of jobs.

"Those jobs are going to come back when things stabilize," he said. "But right now, it's rough."

Sacramento's unemployment rate, now at 6.4 percent, will average 6.5 percent this year, the forecast said, while statewide unemployment, currently 5.9 percent, will average 6.4 percent.